GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:4691
ANSWERED ON:30.03.2017
Subsidy to Cotton Farmers
Udhayakumar Shri M.

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government's plan to start transferring subsidy directly to cotton farmers through a pilot project without having to procure the fibre through State run agencies is unlikely to materialize, and if so, the details thereof;

(b) whether the market prices are expected to stay above the State fixed benchmark rates and if so, the details thereof;

(c) whether the cotton prices have been mostly higher than the Minimum Support Price (MSP) since the beginning of 2015-16; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE FOR TEXTILES
(SHRI AJAY TAMTA)

(a): Yes, Madam. The Government of India through Government of Maharashtra made a proposal to implement direct transfer of funds to the accounts of cotton farmers in the cotton season 2015-16 through the Maharashtra State Co-operative Cotton Growers Marketing Federation Ltd. (MSCCGMFL) in Wardha district of Maharashtra on a pilot basis. Since most of the time, the market price of cotton had remained above the Minimum Support Prices (MSP), this was redundant during 2015-16.

(b): Ministry of Agriculture. Government of India based on the recommendations of its Advisory Board viz., Commission for Agricultural Costs and Prices (CACP) fixes the Minimum Support Price (MSP) for two basic staple groups of cotton i.e. medium long staple and long staple variety. Since beginning of the current cotton season 2016-17, kapas prices are ruling much above MSP level in all the cotton growing States. Presently, kapas prices are ruling above the MSP level by 30% to 50%. Statement showing average kapas prices of major cotton varieties during cotton season 2016-17 are as follows:-

Month J-34 H-4/MECH-1 S-6 Bunny Brahma DCH-32
MSP in Rs./Qntl
4010 4060 4110 4160 4560
Average Market Price of Kapas in Rs./Qntl
Oct. 5098 5335 4623 5331 5602
Nov. 5204 5091 4703 5162 5835
Dec. 5197 5127 4854 5209 6280
Jan. 5722 5623 5275 5636 6461
Feb. 5936 5773 5418 5885 6487
March* 6040 5639 5820 5440 6403
*Upto 23rd March 2017

(c) & (d): Yes, Madam. During cotton season 2015-16, market price of raw cotton (kapas) were ruling much above MSP level except for a few parts of Telangana, Andhra Pradesh, Maharashtra & Gujarat where kapas prices touched the MSP level for a short period of time i.e. during November & December 2015. As a result, CCI could purchase kapas equivalent to 8.44 lakh bales under MSP Operations. Out of total MSP purchases by CCI, around 75% purchases were in Southern zone particularly in Telangana & Andhra Pradesh and the remaining 25% in Central zone. Monthly average kapas prices during cotton season 2015-16 are as under which shows that cotton prices had mostly been higher than the MSP's since the beginning of 2015-16:-

Month
J-34 H-4/MECH-1 S-6 Bunny Brahma DCH-32
MSP in Rs/Qntls.
3950 4000 4050 4100 4500
Market rate in Rs/Qntls
Oct 4566 4168 4418 4058 5118
Nov 4415 4066 4298 4098 5209
Dec 4467 4250 4596 4110 5374
Jan 4738 4543 4766 4227 5355
Feb 4724 4444 4669 4145 5270
Mar 4698 4432 4684 4196 5006
April - 4598 4804 4512 -
May - 4679 5001 4828 -

June - 4886 5618 5150 -
July - - - - -
Aug - - - - -
Sept - - - - -

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